



Item: AC: A-M

**Audit and Compliance COMMITTEE**  
Tuesday, January 29, 2019

**SUBJECT: ROLL CALL AND APPROVAL OF THE November 13, 2018 MINUTES**

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**PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation, ensure quorum, and approve the Minutes of November 13, 2018 meeting.

**COMMITTEE MEMBERS**

Mr. Shaun Davis, Chair	_____
Mr. Robert Stilley, Vice Chair	_____
Mr. Brent Burns	_____
Dr. Jeffrey Feingold	_____
Mr. Kyle MacDonald	_____
Dr. Kevin Wagner	_____
Mr. Anthony Barbar (ex-officio)	_____
Mr. Abdol Moabery (ex-officio)	_____

**PARTICIPATING BOT MEMBERS**

Dr. Michael Dennis	_____
Dr. Malcolm Dorman	_____
Mr. Brad Levine	_____
Mrs. Mary Beth McDonald	_____
Mr. Robert Rubin	_____



## Audit & Compliance Committee

### Draft Minutes

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#### **AC: A-M. Roll Call and Approval of the August 21, 2018 Meeting Minutes**

Mr. Shaun Davis, Chair of the Board of Trustees Audit and Compliance Committee, convened the meeting. Roll call commenced with the following committee members, in addition to Mr. Davis, participating: Mr. Abdol Moabery, Vice Chair; Mr. Anthony Barber (ex-officio), Dr. Jeffrey Feingold, Mr. Brad Levine, Mr. Robert Rubin, and Mr. Robert Stilley.

Other Trustees attending the meeting included: Mr. Brent Burns, Dr. Michael Dennis, Dr. Malcolm Dorman, Ms. Marybeth McDonald, Mr. Kyle McDonald and Dr. Kevin Wagner.

Chair Davis asked for approval of the August 21, 2018 meeting minutes. **A motion was made and seconded to approve the August 21, 2018 Audit and Compliance meeting minutes. With no further discussion, the motion passed unanimously.**

#### **AC: A-1. Amendments to FAU Regulation 6.013 – University Direct Support Organizations**

Mr. David Kian, Vice President, Legal Affairs & General Counsel, presented the agenda item. Mr. Kian said the proposed edits follow recent changes made by the Florida Board of Governors (“BOG”) to BOG Regulation 9.011. They also conform to Section 1004.28, Florida Statutes. Mr. Kian described the proposed changes to the FAU Regulation. Chair Davis said they gave the Board greater oversight. Trustee Stilley asked if the board members on the DSO need to be reviewed and approved. Mr. Kian replied that the sitting boards are not impacted. Individual board members who are reappointed will go in front of the Board of Trustees for approval. Trustee Levine asked about the Harbor Branch DSO. Mr. Kian replied the Harbor Branch DSO is the same as all the other DSOs. **A motion was made and seconded to approve the amendments to FAU Regulation 6.013 – University Direct Support Organizations. With no further discussion, the motion passed unanimously.** Mr. Kian noted that the full board will not approve this item until the next full board meeting after the notice period is done.

#### **AC: I-1. Office of Inspector General’s Report of Annual Activities for Fiscal Year Ended June 30, 2018**

Chair Davis thanked Morley Barnett for his 25 years of service to FAU. Mr. Barnett is retiring on January 4, 2019. Mr. Barnett presented the information item, “report of annual activities for



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the fiscal year ended June 30, 2018.” He said there were no issues. The report will be posted on the website.

#### **AC I-2. Results of Follow-up on Recommendations Scheduled to be Implemented During the Period of October 1, 2017 through March 31, 2018**

Mr. Barnett said they reviewed ten recommendations with four fully, two partially, one not applicable and three indeterminate implementations. Trustee Moabery asked about the status of the partial implemented recommendations. Mr. Barnett replied that there was not a big risk to the institution. We look at the implementation date and make sure those dates are reasonable with the action plan. Chair Davis said we will follow-up to make sure these are being implemented.

#### **AC I-3. Review of Audits: FAU 2017/18-4, Audit of Accounts Payable for the Period October 1 – December 31, 2017**

Mr. Barnett said the most significant finding is the timeliness of payments to vendors. Part of the reason is due to a decentralized system and the other reason is to a new system. He looks forward to the future audit that will determine the timeliness of payments have improved. Trustee Moabery said the ACH process is concerning. One of the greatest threats to cyber-security is ACH. Companies have reported over a billion dollars stolen from ACH. We need a process to verify where the money is going. Mr. Barnett noted there is a practical reminder from FIU back in 2016 where they sent over \$800,000 to the wrong bank. They were able to get their money back, but that is a great reminder for all of us. Trustee Stilley added as the longest serving member of the board, we had a lot of issues when he first came on the board. Morley has put in the right processes and thanked him for his years of service. Chair Davis wanted an implantation date earlier than July 2019. He was looking at the next 60 days. Mr. Barnett replied that management has already started working on it and July is the end date, so we can check on the process in between that time period. Mr. Jeff Atwater came to the podium said we are calling any intuition personally who changes their numbers until we have the system in place. Trustee Levine asked about Workday and oversight to make sure the system is working without flaws. Mr. Atwater said we have more oversight looking at it until it’s fully implemented. Trustee Burns said this is not a stand-alone service and Workday sends its new updates to everyone. They have it vetted before they send to us and will roll back those updates if there are any issues.



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#### **AC I-4. Reivew of Financial Statements for FAU Direct Support Organizations**

- a. FAU Foundation, Inc.**
- b. FAU Research Corporations**
- c. FAU Clinical Practice Organization**
- d. FAU Finance Corporation**

Chair Davis noted the auditors are in the room for these audits. Mr. Atwater brought up auditor Isreal Gomez to discuss the statements. Mr. Gomez said our audits were conducted by generally accepted auditing standards and the state rules by the Florida Auditor General. All four audits were provided unmodified opinions, which is the highest level of assurance. Management is very involved. All of the transactions were recognized. We believe all the estimates were reasonable. We had no difficulties or disagreements working with management. There were no material misstatements, with one exception, but that item has been cleared. Mr. Gomez finished with they hire many FAU accounting students every year. They are very happy with their work.